

May 1991

FOOD ASSISTANCE

Readmitting Private Nonprofit Sponsors Into the Summer Food Service Program



**Resources, Community, and
Economic Development Division**

B-242508

May 23, 1991

The Honorable William D. Ford
Chairman, Committee on Education and Labor
House of Representatives

The Honorable William F. Goodling
Ranking Minority Member, Committee
on Education and Labor
House of Representatives

The U.S. Department of Agriculture's (USDA) Summer Food Service Program, through public and private nonprofit sponsors (private sponsors), provides children from low-income areas with nutritious meals during school vacations. Most private sponsors, for example, churches and community action agencies, were excluded from the program in 1981, in part, because of mismanagement by some sponsors. In November 1989 the Child Nutrition and WIC Reauthorization Act of 1989 (P.L. 101-147) readmitted private sponsors beginning with the 1990 Summer Food Service Program. This step was taken in order to reach children in areas not being served by such public sponsors as schools and local governments.

This report responds to the Committee's June 14, 1990, request to monitor certain aspects of implementation on the act's readmission of private sponsors. As agreed with your offices, we are providing you with (1) a status report on USDA's Food and Nutrition Service (FNS) and state agencies' compliance with the act's requirements, (2) information on the participation and compliance of private sponsors in the program, and (3) observations on issues that might present problems for the program.

Results in Brief

As required under the 1989 act, FNS issued implementing regulations and provided the materials that states and FNS regional offices need to train sponsors. The two FNS regional offices and the five state agencies we visited carried out their required recruiting, training, approval, and monitoring activities. In addition, FNS monitored all 190 private sponsors that were approved for operations in the 1990 program. As of March 1991 FNS has not completed its analysis of private sponsors' compliance.

The 10 private sponsors we visited all made errors; the frequency and seriousness of errors varied widely among sponsors. Errors ranged from failing to include required civil rights notices in sponsor advertising to recording meals for which the sponsor could not provide supporting

receipts. Overall, FNS disallowed reimbursement for 8,700 of the 46,200 meals served. It disallowed reimbursement for about 8,400 of those meals for not meeting program requirements dealing with the milk portion of the meal. Almost all of these disallowances occurred because 4 of the 10 sponsors could not provide adequate milk receipts for their meal claims. FNS officials stated that many of the errors might reasonably be attributed to the new sponsors' lack of experience. However, they indicated that it is too early to eliminate the possibility that some sponsors may have consciously committed these errors.

During our visits to sponsor sites, we noted conditions that could signal potential problems in the program. These conditions include unusually low attendance by meal recipients during monitoring visits, sustained low attendance by meal recipients, and overstaffing by sponsors. The condition of unusually low attendance may signal problems with sponsors' overstating meal claims that could lead to over-reimbursement. Sustained low attendance and overstaffing conditions are problems that could result in financial difficulty for sponsors.

Background

The Summer Food Service Program began as a fiscal year 1969 pilot project under the National School Lunch Act and included private sponsors. Private sponsors include churches, private community action agencies, and service organizations. Other sponsors include public sponsors such as public schools and local units of government.

Rapid program growth during 1975 and 1976 was accompanied by complaints about program abuses. USDA's Inspector General and GAO reported such problems as bribery and inflated claims for meal reimbursements.¹ Most of these allegations involved large private sponsors who contracted with commercial food service companies and served substantial numbers of children at many sites.

The Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35) prohibited most private organizations, totaling more than 40 percent of all fiscal

¹The Summer Feeding Program—How to Feed the Children and Stop Program Abuses (Apr. 15, 1977, GAO/CED-77-59); The Summer Feeding Program for Children: Reforms Begun—Many More Urgently Needed (Mar. 31, 1978, GAO/CED-78-90); Efforts to Control Fraud, Abuse, and Mismanagement in Domestic Food Assistance Programs: Progress Made—More Needed (May 6, 1980, GAO/CED-80-33). Semiannual Reports, USDA Office of the Inspector General, 4/1/79 to 9/30/79 and 10/1/79 to 3/31/80.

year 1981 sponsors, from sponsoring the program in order to (1) eliminate abuses and (2) help achieve budget reductions. The private sponsors excluded from the program in 1981 are the subject of this report, as opposed to the private schools or camps that never lost their eligibility to participate in the Summer Food Service Program. New public sponsors helped fill part of the gap, but the sponsor total dropped from 2,802 in fiscal year 1981 to 1,982 in fiscal year 1982; and the daily number of children served declined during July, the peak month, from 1.9 million to 1.4 million.

Between 1982 and 1988 gaps persisted in areas served by the program. To address this problem, in September 1988 the Congress included an amendment in the Hunger Prevention Act of 1988 stipulating that FNS implement a 1989 demonstration project allowing private organizations from five states to administer the program. These private organizations were the types excluded from the program in 1981. Special restrictions were enacted in order to limit the scope of any potential abuse of the program by these sponsors. Limits were placed on the number of children² and sites³ that a private sponsor could serve, and private sponsors were prohibited from purchasing meals from commercial food service companies. The act also precluded private sponsors from operating in an area if a public sponsor applied to serve the same area. In reestablishing this program on a nationwide basis, the Child Nutrition and WIC Reauthorization Act of 1989 included these restrictions with a few modifications. First, the law expanded the number of sites that a private sponsor can operate to 5 urban and 20 rural sites; second, the law included a new provision to discourage displacement of public sponsors by private ones. It also permits USDA to reserve 0.5 percent of program funds for monitoring and training private sponsors.

The Summer Food Service Program reimburses sponsors for free meals served to children at approved sites located in low-income areas. Low-income areas are those where at least 50 percent of school children qualify for free or reduced-price meals under the National School Lunch Program. Sponsors may also qualify for reimbursement if 50 percent or more of the children enrolled at a site are eligible for free or reduced-price school meals. Once a site has qualified, free meals are served to all

²Public sponsors may serve up to 50,000 children per day, or more if the state agency approves a higher ceiling. Private sponsors in the demonstration project were permitted to serve no more than 2,500 children per day.

³Public sponsors may serve 200 sites. Private sponsors in the demonstration program were limited to five sites.

children who come to the site, regardless of their household's income. Combined operating and administrative reimbursement for 1990 was on a per-meal basis—\$2.02 for each lunch or supper served, \$1.12 for each breakfast served, and \$0.53 for each snack served. Sponsors can receive an additional \$0.01 to \$0.03 per meal in administrative reimbursement, depending on the type of meal served, for sponsor-prepared meals or for meals served at rural sites.

In 1990 state agencies administered the program in 44 states, the District of Columbia, Puerto Rico, and the Virgin Islands. FNS regional offices generally have oversight responsibilities for the operation of these state programs. In addition, six of FNS' seven regional offices also administered the program in the remaining six states that did not administer it for themselves.

FNS Generally Complied With Requirements

FNS carried out certain activities required by the act: issuing regulations, providing FNS regional offices and the states with training guidelines, and monitoring private sponsor participation in the program. Although FNS issued its interim regulations more than 2 months after the legislatively mandated deadline, as discussed later, it took measures to ensure that this delay did not hinder FNS regional offices or the states in their recruiting and training of sponsors, responsibilities assigned to them by the regulations.

Issuing Program Regulations. USDA's interim program regulations, issued in April 1990, assigned responsibility to state agencies for recruiting, training, and approving private sponsors, as well as monitoring certain private sponsors. A notice was published in the Federal Register on December 6, 1990, extending the closing date of the public comment period for the regulations from October 31, 1990, to September 30, 1991. FNS officials stated that the additional time would give states enough time to gain experience with the interim rules and develop more incisive comments.

Establishing the Training Program. FNS provided specific guidance to state agencies on the training needs of private sponsors by slightly revising its four Summer Food Service Program handbooks.⁴ FNS officials said that they distributed its revised handbooks to the states in May

⁴The Sponsor's Handbook, the Sponsor Meal Preparation Handbook, the Monitor's Handbook, and the Site Supervisor's Guide.

1990. As a practical matter, the handbooks reached states after classroom training for private sponsors was over. However, FNS' 1989 handbooks were adequate in the short term for private sponsor training because 1989 program requirements are similar to 1990 requirements, according to state agencies.

Establishing the Sponsor Monitoring Program. The act requires that private sponsors' compliance be monitored closely. FNS monitored all 190 private sponsors in the 1990 program. FNS regional office staff visited each private sponsor, using their monitoring handbook and forms to guide and document each monitoring visit. Presently, FNS is analyzing its monitoring results from private sponsors and will compare them with results from its monitoring of public sponsors in states with FNS-administered programs.

State Agencies and FNS Regional Offices Complied With Requirements

Under the act, state agencies or FNS regional offices are responsible for (1) recruiting private sponsors to the program, (2) approving program sponsors, (3) providing private sponsor training, and (4) monitoring their performance. State agencies and FNS regional offices we visited generally carried out their responsibilities.

Recruiting Sponsors

The sponsor recruiting process, as described in the April 1990 interim rules, requires regional FNS and state agency officials to notify potential sponsors, except private sponsors, about the program each year by February 1. By March 1, interested sponsors are to reply with data about the sites they expect to serve. After analyzing these responses, program officials are to notify potential private sponsors in unserved areas of their potential program eligibility. By April 25, private sponsors are to respond with data about sites they propose to serve. Then officials are to analyze the responses from both public and private sponsors and, by May 1, notify private sponsors of the sites for which they will be allowed to apply.

Since new regulations were not published in time for 1990 sponsor recruiting, FNS sent a nonbinding advisory memorandum on January 19, 1990, to guide regional offices' and state agencies' recruiting of potential private sponsors. The memorandum described the new recruiting process that was generally like the process described in the April interim rules. This process specified the sequence in which state agencies were to contact public and private sponsors.

State and FNS regional officials told us, and noted in comments on the interim rules, that this recruiting rule could be improved. For example, they said that interim rules contain a new requirement that unnecessarily delays the start of private sponsor recruiting until the recruiting of higher priority sponsors has been accomplished. According to FNS headquarters officials, this requirement, designed to focus state agencies' private sponsor recruiting on low-income areas not being served by public sponsors, was intended to save the states work. However, it may have had the opposite effect. In January 1991 FNS issued a memo authorizing states to recruit private sponsors at the same time that they recruit other sponsors.

The five states and two regional offices we visited notified private organizations about their potential eligibility to become sponsors.⁵ However, except for Illinois, they did not follow the timing sequences of the process. Instead, officials in four of five states and both FNS regional offices sent recruiting notices to potential public and private program sponsors concurrently. These notices were sent on or before February 1. Texas also held workshops during February to introduce potential private sponsors to the program.

Approving Sponsors

State agencies or FNS regional offices that administer programs for the states approve potential private sponsors who can meet the program's private sponsor requirements. One important requirement is the rule that a private sponsor cannot serve a site that has been operated within the last 12 months by a public sponsor. This rule was designed to minimize potential displacement of experienced public sponsors by new private sponsors and to underscore the act's intent that private sponsors serve previously unserved areas. This 12-month waiting period may be waived by the administering office, if it is convinced that the original school or government sponsor would have ended service for a site regardless of the private sponsor's availability to serve.

For the 1990 program, state agencies and regional offices that we visited approved three private sponsors to serve meals at the sites that had been served in 1989 by public sponsors. In each case, the administering

⁵The five states were Illinois, Ohio, Texas, Wisconsin, and the District of Columbia. For purposes of this report, the District of Columbia is treated like a state. State agency private sponsor duties were not relevant for the District of Columbia agency because the entire district is served by public sponsors. Program rules prevent private sponsors from operating in areas where public sponsors are serving. The two FNS regional offices we visited were the Midwest and the Mid-Atlantic offices. (See app. I for more information on our scope and methodology.)

agency waived the 12-month waiting period. For example, one 1989 public sponsor, whose site was served by a private sponsor during 1990, was part of a military base that had been closed.

Training Sponsors

The act and regulations require the states to train private sponsors in program requirements, procedures, and areas of accountability. According to the interim regulations, these areas include proper meal counting, compliance with meal content rules, claims accuracy, and record keeping. State agencies and FNS regional offices that we contacted complied with private sponsor training and technical assistance requirements. Officials provided FNS handbooks and conducted the required training sessions, usually in March and April. Officials said that they provided technical assistance by conducting visits at most sponsors prior to starting up operations, providing assistance during monitoring visits, and responding to individual sponsor requests.

Monitoring Sponsors

Regulations require state agencies or FNS to annually monitor any private sponsor with three or more urban sites, who was not in the prior year program, and allow states to decide which other private sponsors may need monitoring. Out of the five state agencies that we visited, three had private sponsors in their programs. These three agencies said they monitored all of their private sponsors during the 1990 session. One state agency that we visited conducted an investigation of a sponsor because of the sponsor's prior history of management problems.

According to state officials, some private sponsors complained about the duplication of the 1990 program review by USDA and state reviewers and the resulting increased frequency of the reviews. For example, one sponsor complained that USDA and the state agency staff each came to review the same records three times for similar reasons within 5 weeks of each other. According to one state that we visited, at a minimum USDA and the states should work toward coordinating their monitoring efforts to lessen the disruption of sponsor operations; a second state had already participated in a joint state/FNS monitoring at all its private sponsors. FNS officials said that, because this was the first year that private sponsors were eligible for the program and abuses had previously occurred, their objective during 1990 was to visit all private sponsors. FNS officials do not expect to monitor the entire private sponsor universe in 1991. They said that they will encourage more joint monitoring by FNS and state agency reviewers to reduce any potential duplication that could unnecessarily disrupt sponsor operations.

Private Sponsor Compliance Was Mixed

During 1990 private sponsors were a small part of the total Summer Food Service Program. Overall, 2,300 sponsors—both public and private—provided meals at about 19,200 sites, according to a preliminary FNS report. The number of meals served exceeded 89 million. Out of these totals, 190 were private sponsors that provided meals at over 510 sites. From FNS observations of 218 private sponsor sites, we estimated that 1.25 million meals were served at those sites. We have no basis for estimating the number of meals served at sites that FNS did not observe.

Of the 10 private sponsors we visited, all were out of compliance with one or more of the Summer Food Service Program's meal, record keeping, or other rules.⁶ These requirements apply to all sponsors. Our sponsor sample cannot be used to project the frequency of noncompliance to the private sponsor universe.

FNS reviewers disallow meals that do not meet program regulations. For example, an FNS reviewer disallows reimbursement for entire meals if the meals (1) are missing required food items, (2) contain food portions that are too small, or (3) are consumed off of the sponsor's site. Sponsors have the right to appeal all FNS disallowances.

The 10 sponsors served approximately 46,200 meals between the start of operations and the FNS reviewers' visits. FNS disallowed 8,700 meals, or 18.8 percent of meals, served by 8 of the 10 sponsors. The remaining two sponsors had no disallowances. Nearly 8,400 of these meal disallowances were for deficiencies with the milk portion of the meal, and 95 percent of the milk-related disallowances occurred because four of the eight sponsors could not locate enough receipts to account for the milk that they claim to have served. For these sponsors, total meals disallowed ranged from 34 percent to 71 percent of meals served to children. Also, FNS disallowed meals at three of these four sponsors for noncompliance with other food rules, such as fruit missing from some meals and undersized hot dogs. The remaining four sponsors also received some meal disallowances when FNS reviewers noted missing meal components, undersized portions, meal counting errors, and discrepancies between daily and summary meal records.

More training material may be needed to reduce food-related mistakes. Certain sponsors asked for FNS' Food Buying Guide for Child Nutrition Programs. Some FNS and state officials distributed the guide to sponsors

⁶On 5 of the 10 sponsors visits, we accompanied FNS officials when they were monitoring the sponsors. FNS monitored the other five sponsors before or after our visit.

during 1990. Others thought it would be a good idea to distribute the guide in the future. FNS reviewers use this guide, a 149-page reference on food specifications for USDA child nutrition programs, including the Summer Food Service Program, to monitor sponsor meals and food records. FNS recommends the guide be used as a reference for sponsors. FNS officials do not routinely distribute the guide because of its cost—\$9.50 per single copy or \$6.75 each for quantities over 100.

All 10 of the sponsors had other violations that did not cause meal disallowances but needed correction, such as not displaying civil rights posters as required and not serving meals at the approved times.

According to FNS officials, problems encountered in 1990 could be due to private sponsors' inexperience; it may take 2 years for new private sponsors to learn the program. FNS officials said that they did not detect private sponsors committing criminal abuse in the 1990 Summer Food Service Program as had occurred during the 1970s. However, they indicated that it is too early to eliminate the possibility that some sponsors may have consciously committed violations, such as overclaiming meals or tampering with records.

In commenting on the report, FNS provided us with information on its preliminary analysis of the private nonprofit sponsors operating the Summer Food Service Program during fiscal year 1990. The data, based on 90 percent of the reviews performed, indicate that 78 percent of these sponsors committed at least one error that could affect program accountability. The most serious problems included noncompliance with meal patterns requirements. (See app. II for full text of FNS' comments.)

Issues Pointing to Potential Problems

During our review of sponsor sites, we noted conditions that could indicate potential problems in the Summer Food Service Program: unusually low attendance on days when sites are monitored, sustained low attendance, and overstaffing. These conditions do not necessarily demonstrate noncompliance by sponsors. However, the existence of these conditions may be a sign of sponsors overstating meal claims or having financial problems.

FNS classifies unusually low attendance as occurring whenever observed attendance falls at or below 80 percent of the previous 5 days' average. Three sponsors had unusually low attendance on days when we visited with FNS reviewers. In particular, one of these sponsors reported having an average daily attendance of 226 children during the 5 days prior to

our visit. On the day of our visit, we observed 114 children in attendance. This attendance was only 50 percent of the reported average taken for the sponsor during the previous 5 days. The state agency later proved that this sponsor repeatedly overstated meal claims and, therefore, terminated that sponsor's program. In commenting on the report, FNS stated that its preliminary analysis of the private nonprofit sponsors showed that for the nearly two-thirds of the sites reviewed, 27 percent had meal counts on the day of the review which were at least 20 percent less than the previous 5 days' average. The unusually low attendance condition may signal serious problems with overstated meal claims and possibly over-reimbursement for the claims.

While FNS has not defined a minimum practical size for a self-supporting program, one FNS official estimated that 70 children⁷ would be needed daily to permit a sponsor with one site to cover all program costs, both operating and administrative, with the current reimbursement schedule. Attendance below this level, over an extended period of time, may force some sponsors to absorb losses, cut costs, or find additional funding beyond FNS reimbursement. Of the sites that FNS reviewed, over 60 percent had fewer than 70 children in attendance on the day of the review. The risk to program integrity is that, faced with sustained low attendance, some sponsors may be tempted to report phantom participants or serve inadequate meals to avoid losing money on the program.

Overstaffing also can force a sponsor into a difficult financial position. Guidelines for staffing are contained in the FNS Sponsor Meal Preparation Handbook. The handbook provides a staffing schedule that is dependent on the number and types of meals that a sponsor prepares. On the basis of these criteria, we observed overstaffing at three sponsors. For example, an FNS reviewer recommended staff reductions at one sponsor who had 10 staff to do work that could have been accomplished by fewer than 7 people, according to the handbook. Overstaffing raises sponsor costs and could result in sponsors being tempted to overclaim in order to meet these costs.

Agency Comments

In commenting on the report, the Food and Nutrition Service provided us preliminary analysis of its 1990 program monitoring effort and suggested several technical changes to the report. We have incorporated

⁷The Administrator of FNS, in commenting on our draft report, indicated that while the minimum practical size may be higher or lower than this estimate, it is clear that there is a minimum level below which cost-effective management of the program is not practicable.

this information in the report where appropriate. (See app. II for the full text of FNS' comments.)

We conducted our work between June and December 1990 with updates through April 1991 in accordance with generally accepted government auditing standards. (See app. I for a more detailed discussion of our scope and methodology.)

We are sending copies of this report to appropriate congressional committees, interested Members of Congress, the Secretary of Agriculture, and other interested parties. If you have any questions, please contact me at (202) 275-5138. Major contributors to this report are listed in appendix III.



John W. Harman
Director, Food and
Agriculture Issues

Contents

Letter	1
Appendix I Scope and Methodology	14
Appendix II Comments From the U.S. Department of Agriculture	15
Appendix III Major Contributors to This Report	18

Abbreviations

FNS	Food and Nutrition Service
GAO	General Accounting Office
USDA	U.S. Department of Agriculture
WIC	Special Supplemental Food Program for Women, Infants, and Children

Scope and Methodology

To examine FNS compliance with new private sponsor requirements, we interviewed officials and reviewed handbooks, training schedules, and sponsor lists at FNS headquarters and its Midwest and Mid-Atlantic regional offices. To review state agency compliance, we interviewed officials, reviewed sponsor correspondence, examined schedules of program events, and gathered program records in Illinois, Ohio, Texas, Wisconsin, and the District of Columbia.

To monitor private sponsor compliance, we visited 10 private sponsors in Illinois, Indiana, Michigan, Ohio, and Texas. We selected sponsors judgmentally to include both urban and rural sites and to coordinate, where appropriate, with FNS sponsor reviewers and USDA Office of Inspector General auditors. Our sponsor sample cannot be used to project the frequency of noncompliance to the private sponsor universe.

For 5 of our 10 visits, we accompanied FNS reviewers. During these visits we interviewed sponsors, observed meals being served, and examined sponsor records. We did not review private sponsors' claims or appeals to states or USDA's meal reimbursement disallowances because these sponsor actions occurred too late to be analyzed during our sponsor visits.

We conducted our work between June and December 1990 with updates through April 1991 in accordance with generally accepted government auditing standards. We did not review the quality of FNS, state, or sponsor compliance. Rather, we examined whether requirements specified in the act were followed.

Comments From the U.S. Department of Agriculture



United States
Department of
Agriculture

Food and
Nutrition
Service

3101 Park Center Drive
Alexandria, VA 22302

Mr. John W. Harman
Director
Food and Agriculture Issues
Resources, Community,
and Economic Development Division
General Accounting Office
441 G St, NW, Room 4075
Washington, DC 20548

MAR 29 1991

Dear Mr. Harman:

This responds to your request for our comments on the preliminary audit results presented by the General Accounting Office (GAO) in the report entitled "Food Assistance: Readmitting Private Nonprofit Sponsors Into the Summer Food Service Program" (GAO/RCED-91-82). This audit examined the readmittance of private nonprofit sponsors into the Summer Food Service Program.

The report concluded that the Food and Nutrition Service (FNS) and administering State agencies generally fulfilled their responsibilities in implementing provisions of the Child Nutrition and WIC Reauthorization Act of 1989. Operating errors were observed at each of the 10 sites the auditors visited. While we believe the errors may be attributed to the new sponsors' lack of experience rather than any deliberate attempt to defraud the Program, the auditors have cautioned that the prevalence of low attendance and overstaffing, if sustained, pose potential risks to program integrity and should be monitored by FNS. The report suggests that a sizable number of sites may not be self-supporting.

FNS has completed a preliminary analysis of private nonprofit sponsors operating the Summer Food Service Program during Fiscal Year 1990. Our data, based upon 90 percent of the reviews performed, indicates that 78 percent of these sponsors committed at least one error which could affect program accountability. The most serious problems we observed among the private nonprofit sponsors were failure to perform required site monitoring activities (37 percent), noncompliance with meal pattern requirements (34 percent), and failure to use counting systems which would produce reliable counts of reimbursable meals (18 percent). A total of 72,000 meals were disallowed based on the results of these reviews.

In addition to violations observed on the day of the review, where possible, FNS reviewers collected data to compare the actual meal count on the day of review with the average number of meals claimed for the preceding 5 days. Although attendance at a site can vary considerably in the Summer Food Service Program, we would normally expect to find an even distribution of sites showing either below or above average participation on the day of review. We obtained data for nearly two thirds of the sites reviewed which disclosed that 62 percent of these sites had a decrease in participation on the day of review. At 27 percent of these sites, the meal count on the day of review was

Appendix II
Comments From the U.S. Department
of Agriculture

John W. Harman

2

at least 20 percent less than the previous 5 day average. Decreases in participation levels on the days of review have often been found to be indicators of inaccurate meal count systems in other FNS programs.

Now on p. 8.

We have already noted the adjustments made on page 11, correcting program participation data for 1990. In preparing the report for final publication, we would like to suggest that the following technical changes also be made:

Now on p. 1.

(1) PAGE 1, LEAD PARAGRAPH, SECOND SENTENCE: Should be clarified by replacing the parentheses with a footnote that "private nonprofit sponsors" will be referenced as "private sponsors".

Now on p. 3.

(2) PAGE 4, FOOTNOTE 2, SECOND SENTENCE: Should be restated: "...Private sponsors in the demonstration project were permitted to serve no more than 2,500 children per day."

Now on p. 3.

(3) PAGE 4, FOOTNOTE 3, SECOND SENTENCE: Should be restated "...Private sponsors in the demonstration project were limited to five sites."

Now on p. 3.

(4) PAGE 5, FIRST FULL PARAGRAPH, LAST THREE SENTENCES: The rates of reimbursement should be corrected. Should be restated "...Combined operating and administrative reimbursement for 1990 was on a per-meal basis, \$2.02 for each lunch or dinner served, \$1.12 for each breakfast served, and \$.53 for each snack (supplement) served. Sponsors which prepare their own meals or operate in rural sites can receive an additional one to three cents per meal in administrative reimbursement, depending on the type of meal served."

Now on p. 4.

(5) PAGE 5, SECOND PARAGRAPH, FIRST SENTENCE: Should be clarified to note that the Summer Food Service Program is also administered by State agencies in Puerto Rico and the Virgin Islands.

Now on p. 4.

(6) PAGE 6, FIRST TWO PARAGRAPHS, FIRST TWO SENTENCES: To avoid any legal implications, "delegated" should be replaced by "assigned."

Now on p. 5.

(7) PAGE 6, FIRST FULL PARAGRAPH, SECOND SENTENCE: Should be clarified that a notice was published in the Federal Register on December 6, 1990 extending the public comment period through September 30, 1991.

Appendix II
Comments From the U.S. Department
of Agriculture

John W. Harman

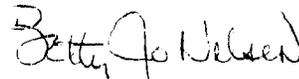
3

Now of p. 10.

- (8) PAGE 14, SECOND PARAGRAPH, FIRST TWO SENTENCES:
Should be restated "While the minimum practical size
may be higher or lower than this estimate, it is clear
that there is a minimum level below which cost-
effective management of the Program is not
practicable. Attendance below this level, over an
extended period of time, would force a sponsor to
absorb losses, to cut costs, or to find additional
funding beyond FNS reimbursement....

We have conferred with staff at the Office of the General Counsel and the
Office of Budget and Program Analysis and have included their suggestions in
this response.

Sincerely,



Betty Jo Nelsen
Administrator

Major Contributors to This Report

**Resources,
Community, and
Economic
Development Division,
Washington, D.C.**

Gerald Killian, Assistant Director
Ned Smith, Assignment Manager
Kathryn Snavelly, Evaluator

**Chicago Regional
Office**

John A. Rose, Regional Management Representative
Richard R. Calhoon, Evaluator-In-Charge
Alexander Lawrence, Senior Evaluator
David A. Bothe, Evaluator
Leigh Nachowicz, Evaluator



**United States
General Accounting Office
Washington, D.C. 20548**

**Official Business
Penalty for Private Use \$300**

**First-Class Mail
Postage & Fees Paid
GAO
Permit No. G100**

Ordering Information

The first five copies of each GAO report are free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

**U.S. General Accounting Office
P.O. Box 6015
Gaithersburg, MD 20877**

Orders may also be placed by calling (202) 275-6241.